M900   Advanced Preparation Options for Flats

M940   Merged Palletization of Packages Using the City State Product and a 5% Threshold

Summary   M940 describes the eligibility and preparation requirements for co-palletizing packages of automation, Presorted, and carrier route rate pieces into merged 5-digit scheme and merged 5-digit pallets using both the City State Product and a 5% threshold.

1.0   PERIODICALS

Basic Standards   [1-9-03] Five-digit scheme packages (under L007) must be prepared under M940
1.1   effective April 30, 2003. 5-digit scheme packages may not be copalletized on merged pallets with carrier route packages. 5-digit packages from an automation rate mailing and 5-digit packages from a Presorted rate mailing (including pieces copackaged under M950) may be placed on the same pallet as carrier route rate packages under the following conditions:

a. A carrier route mailing must be part of the mailing job.

b. The pieces in the carrier route mailing, the automation rate mailing, and the Presorted rate mailing must be part of the same mailing job.

c. Pieces in the automation rate mailing must meet the criteria for a flat under C050.3.2 and C820. Pieces in the Presorted rate mailing and the carrier route mailing must be nonletter-size.

d. Mailers must use the Carrier Route Indicators field in the City State Product and the 5% limit criteria in 1.4 to prepare the mailing. The mailing must be entered no later than 90 days after the release date of the City State Product used.

e. [1-9-03] Automation rate 5-digit packages, Presorted rate 5-digit packages, and copackaged 5-digit packages may be copalletized with carrier route packages and firm packages on merged 5-digit or merged 5-digit scheme pallets as follows:

(1) For 5-digit ZIP Codes with an "A" or "C" indicator in the Carrier Route Indicators field in the City State Product, carrier route and 5-digit packages may be merged with no limit on the number of pieces in 5-digit packages placed on the pallet. 5-digit scheme packages cannot be placed in merged containers.

(2) For 5-digit ZIP Codes with a "B" or "D" indicator in the Carrier Route Indicators field in the City State Product, the pieces in the 5-digit packages must not exceed 5% of the total number of pieces for each individual 5-digit ZIP Code on the pallet as described in 1.4. Since 5-digit scheme packages cannot be placed on merged pallets, pieces in 5-digit scheme packages do not count as 5-digit sorted pieces for purposes of determining the 5% limit.

f. If sortation under this section is performed, merged 5-digit pallets and merged 5-digit scheme pallets, must be prepared whenever there is enough volume of carrier route and 5-digit packages under M041 to prepare such pallets using the criteria in 1.1e and the sortation criteria in 1.5. All possible merged 5-digit scheme, 5-digit scheme carrier routes, and 5-digit scheme pallets must be prepared under 1.4 and 1.5.

    g. The carrier route mailing must meet the eligibility criteria in E230, the automation rate mailing must meet the eligibility criteria in E240, and the Presorted rate mailing must meet the eligibility criteria in E220.

    h. The rates are based on the level of package and the number of pieces in the package under E220, E230, and E240.

    i. The packages from each separate mailing must be sorted together on pallets (copalletized) under 1.5 using presort software that is PAVE-certified.

    j. A complete, signed postage statement(s), using the correct USPS form or an approved facsimile, must accompany each mailing job prepared under these procedures.

    k. In addition to the postage statement(s), documentation prepared by PAVE-certified software must be submitted with each copalletized mailing job that describes for each pallet sortation level and pallet the number of pieces qualifying for each applicable carrier route rate, each applicable automation rate, and each applicable Presorted rate under P012. A separate 5% threshold summary also must be provided under P012 for each "logical" merged 5-digit scheme or "logical" merged 5-digit pallet presort destination that contains mail for one or more 5-digit ZIP Codes with a "B" or "D" indicator in the City State Product. This 5% threshold summary must show for each 5-digit ZIP Code with a "B" or "D" indicator on the logical merged 5-digit scheme or logical merged 5-digit pallet: the total number of pieces on the pallet for the 5-digit ZIP Code; the total number of pieces sorted in carrier route packages for the 5-digit ZIP Code (including each firm package eligible for the carrier route rate and low-volume carrier route packages); the total number of pieces sorted in 5-digit packages for the 5-digit ZIP Code (including each firm package eligible for the 5-digit or basic rate and low-volume 5-digit packages), and; of the total number of pieces for the 5-digit ZIP Code, the percentage of pieces sorted in 5-digit packages for that 5-digit ZIP Code. This additional 5% threshold summary must appear within the body of the documentation beneath the pallet rate listing for the last physical pallet for the logical pallet presort destination. *Note:* If there are two or more physical pallets for the same presort destination, for example, the same merged 5-digit pallet destination, these two or more physical pallets would be considered as one "logical pallet." The separate pallet summary must be for the mail on all of the physical pallets (the "logical pallet") for that presort destination.

    l. Portions of the mailing job that cannot be palletized must be prepared in sacks under M210, M220, M820, M910, or M920.

Package Preparation
1.2

Packages placed on pallets must be prepared under the standards in M045.

Low-Volume
Packages on Pallets
1.3

Carrier route and 5-digit packages prepared under M210, M220, M820 or M950, and M045 that contain fewer than six pieces may be placed on pallets under 1.5a through 1.5i, when the publisher determines that such preparation improves service. Pieces in such low-volume packages must pay the applicable basic rate.

5% Threshold
Standard
1.4

[1-9-03] 5-digit packages, carrier route packages, and firm packages may be placed on the same merged 5-digit scheme or merged 5-digit pallet under 1.5 if all of the following conditions are met:

    a. [1-9-03] The number of pieces prepared in 5-digit packages for any single 5-digit ZIP Code with a "B" or "D" indicator on a logical merged 5-digit or

merged 5-digit scheme pallet does not exceed 5% of the total number of pieces for the 5-digit ZIP Code on the logical pallet for the presort destination. That is, the total number of pieces for a 5-digit ZIP Code in 5-digit and carrier route packages must not be greater than the number of pieces in carrier route packages divided by 0.95. 5-digit ZIP Codes with an "A" or "C" indicator are not subject to the 5% limit.

b. [1-9-03] The 5% threshold is calculated separately for each 5-digit ZIP Code with a "B" or "D" indicator. For example, if a scheme contains four different 5-digit ZIP Codes, a separate 5% threshold applies to each 5-digit ZIP Code with a "B" or "D" indicator for the scheme on a merged 5-digit scheme pallet. (5-digit ZIP Codes with an "A" or "C" indicator are not subject to the 5% limit.) Since 5-digit scheme packages may not be placed on merged pallets, pieces in 5-digit scheme packages do not count as 5-digit sorted pieces for purposes of determining the 5% limit.

c. Except when packages are prepared under the co-packaging option in M950, all mail in a logical 5-digit package for a 5-digit ZIP Code with a "B" or "D" indicator must be able to be placed on the logical pallet under the 5% rule. A logical 5-digit package is all pieces for a mailing (rate level) prepared in a 5-digit package or packages for the same 5-digit destination. For each 5-digit ZIP Code, it is possible to have a logical 5-digit package of automation rate mail and a logical 5-digit package of Presorted rate mail. If the total number of pieces in a logical 5-digit package exceeds the 5% limit, none of the pieces for that 5-digit package level may be placed on a merged 5-digit or merged 5-digit scheme pallet. For some ZIP Codes, the total number of pieces prepared in logical 5-digit packages (both an automation rate 5-digit package and a Presorted rate 5-digit package) may exceed 5% of the total mail for that ZIP Code, but the number of pieces for an individual automation rate logical 5-digit package for that ZIP Code does not exceed the 5% limit nor does an individual Presorted rate logical 5-digit package for that ZIP Code exceed the 5% limit. In such instances, mailers may choose to place all of the pieces in a logical 5-digit package for a single rate category on the logical merged 5-digit or merged 5-digit scheme pallet so that the 5% threshold is not exceeded.

d. Except for packages prepared under the co-packaging option in M950, if the total number of pieces in both the logical 5-digit automation rate package and the logical 5-digit Presorted rate package each separately exceed 5% of the total number of pieces for the 5-digit ZIP Code with a "B" or "D" indicator, none of the pieces in 5-digit packages may be merged with carrier route packages on a merged 5-digit or merged 5-digit scheme pallet.

e. For mailing jobs prepared using the co-packaging option in M950, if the total number of pieces prepared in a logical 5-digit package (containing automation rate and Presorted rate pieces) exceeds the 5% limit for a 5-digit ZIP Code in 1.4a, a mailer may, for each 5-digit ZIP Code, choose to place a portion of the pieces prepared in the logical 5-digit package on a merged 5-digit or 5-digit scheme pallet using one of the options below. Regardless of the option selected, a minimum of six pieces must be prepared in 5-digit package(s) placed on the merged pallet and a minimum of six remaining pieces prepared in 5-digit package(s) not placed on the merged pallet, with the total number of pieces not exceeding the 5% limit. The options are:

(1) Place either all automation rate pieces or all Presorted rate pieces for the 5-digit ZIP Code on the merged pallet.

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> (2) Place a portion of either the automation rate pieces or the Presorted rate pieces for the 5-digit ZIP Code on the merged pallet.
>
> (3) Place either all the automation rate pieces plus a portion of the Presorted rate mail or all the Presorted rate pieces plus a portion of the automation rate pieces for the 5-digit ZIP Code on the merged pallet.

f. Pieces in low-volume carrier route packages will count as carrier route sorted pieces for purposes of determining the 5% limit under 1.4a through 1.4d even though the basic rate is paid. Pieces in low-volume 5-digit packages will count as 5-digit sorted pieces for purposes of determining the 5% limit under 1.4a through 1.4d even though the basic rate is paid.

g. Copies in firm packages claimed as one piece for rate purposes will be considered a single piece when performing the 5% limit calculation under 1.4a through 1.4d. As provided in M210.1.4 and M220.1.4, some firm packages claimed as one piece may be eligible for carrier route rates, 5-digit rates, or basic rates. The sortation level of each firm piece (package) for purposes of applying the 5% limit will be considered to be carrier route if the firm piece (package) is eligible for the carrier route rate under M220.1.4. Otherwise the firm package will be considered to be a 5-digit sorted piece (even if the basic rate must be paid on that piece).

Pallet Preparation and Labeling 1.5

Mailers must prepare pallets of packages in the manner and sequence listed below and under M041. Mailers must prepare all merged 5-digit scheme, 5-digit scheme carrier routes, 5-digit scheme, and merged 5-digit pallets that are possible in the mailing based on the volume of mail to the destination (M041) using L001, the City State Product, and the 5% threshold (1.4), as applicable. Mailers must label pallets according to the Line 1 and Line 2 information listed below and under M031. If, due to the physical size of the mailpieces, the automation rate pieces are considered flat-size under C820 and the carrier route sorted pieces and Presorted rate pieces are considered irregular parcels under C050, "FLTS" must be shown as the processing category on the pallet label. If a mailing contains no automation rate pieces and the carrier route mailing and the Presorted rate mailing are irregular parcels, use "IRREG" for the processing category on the contents line of the pallet label.

a. *Merged 5-Digit Scheme.* Required. For schemes that contain at least one 5-digit ZIP Code that has an "A" or "C" indicator in the City State Product, the pallet contains 1) carrier route packages for all 5-digit ZIP Codes in the scheme, 2) 5-digit automation rate and 5-digit Presorted rate packages for those 5-digit ZIP Codes in the scheme with an "A" or "C" indicator in the City State Product, and 3) 5-digit automation rate and/or 5-digit Presorted rate packages for those 5-digit ZIP Codes in the scheme with a "B" or "D" indicator when the number of pieces in the 5-digit package(s) does not exceed 5% of the total number of pieces for that 5-digit ZIP Code under 1.4. For schemes in which all 5-digit ZIP Codes have "B" or "D" indicators and for which there is at least one 5-digit ZIP Code for which 5-digit packages may be placed on the pallet under the 5% limit in 1.4, place all carrier route packages plus the 5-digit packages within the 5% limit on the pallet. For schemes in which all 5-digit ZIP Codes have "B" or "D" indicators and for which there are no 5-digit ZIP Codes for which 5-digit packages may be placed on the pallet under the 5% limit, do not prepare a merged 5-digit scheme pallet (sort packages to pallets under 1.5b through 1.5j).

  (1) Line 1: use L001, Column B.

      (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or "IRREG" as applicable; and followed by "CR/5D SCHEME."

b. *5-Digit Scheme Carrier Routes.* Required. May contain only carrier route packages for all carrier routes in an L001 scheme for which all 5-digit ZIP Codes in the scheme have a "B" or "D" indicator and for which no 5-digit packages could be placed on a merged 5-digit scheme pallet with the carrier route packages because the 5-digit packages exceeded the 5% threshold.

      (1) Line 1: use L001, Column B.

      (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or "IRREG" as applicable; and followed by "CR-RTS SCHEME."

c. [1-9-03] *5-Digit Scheme.* Not permitted for flats that meet the dimension, weight, and flexibility criteria of the AFSM 100 in C820.2.0, including copalletized or combined AFSM 100 flats and other flats, and not permitted for sacks or trays. Required for all other flats and irregular parcels. May contain only 5-digit packages of automation rate and Presorted rate mail for the same 5-digit scheme under L001 for which one or more 5-digit ZIP Codes in the scheme had a "B" or "D" indicator in the City State Product, and the 5-digit packages could not be placed on a merged 5-digit scheme pallet (the pieces exceeded the 5% threshold).

      (1) Line 1: use L001, Column B.

      (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or "IRREG" as applicable; followed by "5D"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail; and followed by "SCHEME" or "SCH."

d. *Merged 5-Digit.* Required. May contain carrier route packages, automation rate 5-digit packages, and Presorted rate 5-digit packages for those 5-digit ZIP Codes that are not part of a scheme. For 5-digit ZIP Codes with an "A" or "C" indicator in the City State Product, there is no limit on the number of pieces in 5-digit packages that may be placed on the pallet and a merged 5-digit pallet is prepared even if there are no 5-digit packages for that ZIP Code. For those 5-digit ZIP Codes with a "B" or "D" indicator in the City State Product, the number of pieces in 5-digit packages is limited to 5% of the total number of pieces for the 5-digit pallet destination under 1.4. However, if no 5-digit packages for ZIP Codes with "B" or "D" indicators can be placed on this level pallet under the 5% limit, do not prepare this a merged 5-digit pallet (sort packages under 1.5e through 1.5j).

      (1) Line 1: use city, state, and 5-digit ZIP Code destination (see M031 for military mail).

      (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or IRREG" as applicable; and followed by "CR/5D."

e. *5-Digit Carrier Routes.* Required. May contain only carrier route rate packages for the same 5-digit ZIP Code that is not part of a scheme and that could not be placed on a merged 5-digit pallet.

      (1) Line 1: use city, state, and 5-digit ZIP Code destination (see M031 for military mail).

      (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or "IRREG" as applicable; and followed by "CARRIER ROUTES" or "CR-RTS."

f. [2-6-03] [1-9-03] *5-Digit.* Required. May contain only automation rate 5-digit packages and Presorted rate 5-digit packages for the same 5-digit ZIP Code that could not be placed on a merged 5-digit pallet, or 5-digit scheme (L007)

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packages (automation rate and copackaged automation and Presorted rate pieces only). Five-digit scheme packages are assigned to 5-digit pallets according to the OEL "label to" 5-digit ZIP Code.

    (1) Line 1: use city, state, and 5-digit ZIP Code destination (see M031 for military mail).

    (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or "IRREG" as applicable; followed by "5D"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail.

g. *5-Digit Metro.* Optional. May contain carrier route, automation, and Presorted rate packages for the 5-digit ZIP Codes listed in L006, Column A, and for the 3-digit ZIP Code areas listed in L006, Column B.

    (1) Line 1: use L006, Column C.

    (2) Line 2: "PER" or "NEWS"; followed by "FLTS" or "IRREG"; followed by "METRO" or "MET"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate and/or carrier route mail.

h. [1-9-03] *3-Digit.* Optional. Effective April 30, 2003, not permitted for packages with 3-digit ZIP Code prefixes indicated by an "N" in L002. May contain carrier route rate, automation rate, and Presorted rate mail.

    (1) Line 1: use L002, Column A.

    (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or IRREG" as applicable; followed by "3D"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail and/or carrier route mail.

i. *SCF.* Required. May contain carrier route rate, automation rate, and Presorted rate packages.

    (1) Line 1: use L002, Column C.

    (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or "IRREG" as applicable; followed by "SCF"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail and/or carrier route mail.

j. *ADC.* Required. May contain carrier route rate, automation rate, and Presorted rate packages.

    (1) Line 1: use L004.

    (2) Line 2: "PER" or "NEWS" as applicable; followed by "FLTS" or "IRREG" as applicable; followed by "ADC"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail and/or carrier route mail.

2.0 STANDARD MAIL

Basic Standards
2.1

[1-9-03] Five-digit scheme packages (under L007) must be prepared under M940 effective April 30, 2003. Five-digit scheme packages may not be copalletized on merged pallets with carrier route packages. Five-digit packages from an automation rate mailing and 5-digit packages from a Presorted rate mailing (including pieces copackaged under M950) may be placed on the same pallet as carrier route rate packages under the following conditions:

a. A carrier route mailing must be part of the mailing job.

b. The pieces in the carrier route rate mailing, the automation rate mailing, and the Presorted rate mailing must be part of the same mailing job, and all three mailings must be reported on the same postage statement.

c. Pieces in the automation rate mailing must meet the criteria for a flat under C050.3.2 and C820. Pieces in the Presorted rate mailing and the carrier route mailing must meet the criteria for a flat under C050.3.1.

d. Mailers must use the Carrier Route Indicators field in the City State Product and the 5% limit criteria in 2.3 to prepare the mailing. The mailing must be entered no later than 90 days after the release date of the City State Product used.

e. [1-9-03] Automation rate 5-digit packages, Presorted rate 5-digit packages, and copackaged 5-digit packages may be copalletized with carrier route packages and firm packages on merged 5-digit or merged 5-digit scheme pallets as follows:

(1) For 5-digit ZIP Codes with an "A" or "C" indicator in the Carrier Route Indicators field in the City State Product, carrier route and 5-digit packages may be merged with no limit on the number of pieces in 5-digit packages placed on the pallet. 5-digit scheme packages may not be used.

(2) For 5-digit ZIP Codes with a "B" or "D" indicator in the Carrier Route Indicators field in the City State Product, the pieces in the 5-digit packages must not exceed 5% of the total number of pieces for each individual 5-digit ZIP Code on the pallet as described in 2.3. Since 5-digit scheme packages cannot be placed on merged pallets, pieces in 5-digit scheme packages do not count as 5-digit sorted pieces for purposes of determining the 5% limit.

f. If sortation under this section is performed, then merged 5-digit scheme pallets must be prepared whenever there is enough volume of carrier route and 5-digit packages under M041 to prepare such pallets using the criteria in 2.1e and the sortation criteria in 2.4.

g. The carrier route mailing must meet the eligibility criteria in E620, the automation rate mailing must meet the eligibility criteria in E640, and the Presorted rate mailing must meet the eligibility criteria in E620.

h. The rates are based on the level of package that the pieces are contained in under E620 and E640.

i. The pieces in each separate mailing must bear the applicable markings required under M610, M620, or M820 and under M012.

j. The packages from each separate mailing must be sorted together on pallets (copalletized) using presort software that is PAVE-certified.

k. A complete, signed postage statement, using the correct USPS form or an approved facsimile, must accompany each mailing job prepared under these procedures.

l. [2-6-03] In addition to the applicable postage statement, documentation produced by PAVE-certified software must be submitted with each copalletized mailing job that describes for each pallet sortation level and pallet the number of pieces qualifying for each applicable carrier route rate, each applicable automation rate, and each applicable Presorted rate. A separate 5% threshold summary also must be provided under P012 for each "logical" merged 5-digit scheme or "logical" merged 5-digit pallet presort destination that contains mail for one or more 5-digit ZIP Codes with a "B" or

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"D" indicator in the City State Product. This 5% threshold summary must show for each 5-digit ZIP Code with a "B" or "D" indicator on the logical merged 5-digit scheme or logical merged 5-digit pallet: the total number of pieces on the pallet for the 5-digit ZIP Code; the total number of pieces sorted in carrier route packages for the 5-digit ZIP Code; the total number of pieces sorted in 5-digit packages for the 5-digit ZIP Code, and; of the total number of pieces for the 5-digit ZIP Code, the percentage of pieces sorted in 5-digit packages for that 5-digit ZIP Code. This additional 5% threshold summary must appear within the body of the documentation beneath the pallet rate listing for the last physical pallet for the logical pallet presort destination. *Note:* If there are two or more physical pallets for the same presort destination, for example, the same merged 5-digit pallet destination, these two or more physical pallets would be considered as one "logical pallet." The separate pallet summary must be for the mail on all of the physical pallets (the "logical pallet") for that presort destination.

m. Portions of the mailing job that cannot be palletized must be prepared in sacks under M610, M620, M820, M910, or M920.

Package Preparation
2.2

Packages placed on pallets must be prepared under the standards in M045.

5% Threshold
Standard
2.3

[1-9-03] Five-digit packages, carrier route packages, and firm packages may be placed on the same merged 5-digit scheme or merged 5-digit pallet under 2.4 if all of the following conditions are met:

a. [1-9-03] The number of pieces prepared in 5-digit packages for any single 5-digit ZIP Code with a "B" or "D" indicator on a logical merged 5-digit or merged 5-digit scheme pallet does not exceed 5% of the total number of pieces for the 5-digit ZIP Code on the logical pallet for the presort destination. That is, the total number of pieces for a 5-digit ZIP Code in 5-digit and carrier route packages must not be greater than the number of pieces in carrier route packages divided by 0.95. 5-digit ZIP Codes with an "A" or "C" indicator are not subject to the 5% limit.

b. [1-9-03] The 5% threshold is calculated separately for each 5-digit ZIP Code with a "B" or "D" indicator. For example, if a scheme contains four different 5-digit ZIP Codes, a separate 5% threshold applies to each 5-digit ZIP Code with a "B" or "D" indicator for the scheme on a merged 5-digit scheme pallet. (Five-digit ZIP Codes with an "A" or "C" indicator are not subject to the 5% limit.) Since 5-digit scheme packages cannot be placed on merged pallets, pieces in 5-digit scheme packages do not count as 5-digit sorted pieces for purposes of determining the 5% limit.

c. Except when packages are prepared under the co-packaging option in M950, all mail in a logical 5-digit package for a 5-digit ZIP Code with a "B" or "D" indicator must be able to be placed on the logical pallet under the 5% rule. A logical 5-digit package is all pieces for a mailing (rate level) prepared in a 5-digit package or packages for the same 5-digit destination. For each 5-digit ZIP Code, it is possible to have a logical 5-digit package of automation rate mail and a logical 5-digit package of Presorted rate mail. If the total number of pieces in a logical 5-digit package exceeds the 5% limit, none of the pieces for that 5-digit package level may be placed on a merged 5-digit or merged 5-digit scheme pallet. For some ZIP Codes, the total number of pieces prepared in logical 5-digit packages (both an automation rate logical 5-digit package and a Presorted rate logical 5-digit package) may exceed 5% of the total mail for that ZIP Code, but the number of pieces for an individual

automation rate logical 5-digit package for that ZIP Code does not exceed the 5% limit nor does an individual Presorted rate logical 5-digit package for that ZIP Code exceed the 5% limit. In such instances, mailers may choose to place all of the pieces in a logical 5-digit package for a single rate category on the logical merged 5-digit or merged 5-digit scheme pallet so that the 5% threshold is not exceeded.

d. Except for packages prepared under the co-packaging option in M950, if the total number of pieces in both the logical 5-digit automation rate package and the logical 5-digit Presorted rate package each separately exceed 5% of the total number of pieces for the 5-digit ZIP Code with a "B" or "D" indicator, none of the pieces in 5-digit packages may be merged with carrier route packages on a merged 5-digit or merged 5-digit scheme pallet.

e. For mailing jobs prepared using the co-packaging option in M950, if the total number of pieces prepared in a logical 5-digit package (containing automation rate and Presorted rate pieces) exceeds the 5% limit for a 5-digit ZIP Code in 2.3a, a mailer may, for each 5-digit ZIP Code, choose to place a portion of the pieces prepared in the logical 5-digit package on a merged 5-digit or 5-digit scheme pallet using one of the options below. Regardless of the option selected, a minimum of 10 pieces must be prepared in 5-digit package(s) placed on the merged pallet and a minimum of 10 remaining pieces prepared in 5-digit package(s) not placed on the merged pallet, with the total number of pieces not exceeding the 5% limit. The options are:

(1) Place either all automation rate pieces or all Presorted rate pieces for the 5-digit ZIP Code on the merged pallet.

(2) Place a portion of either the automation rate pieces or the Presorted rate pieces for the 5-digit ZIP Code on the merged pallet.

(3) Place either all the automation rate pieces plus a portion of the Presorted rate pieces or all the Presorted rate pieces plus a portion of the automation rate pieces for the 5-digit ZIP Code on the merged pallet.

Pallet Preparation and Labeling

2.4

Mailers must prepare pallets of packages in the manner and sequence listed below and under M041. Mailers must prepare all merged 5-digit scheme, 5-digit scheme carrier routes, 5-digit scheme, and merged 5-digit pallets that are possible in the mailing based on the volume of mail to the destination using L001, the City State Product, and the 5% threshold. Mailers must label pallets according to the Line 1 and Line 2 information listed below and under M031.

a. *Merged 5-Digit Scheme.* Required. For schemes that contain at least one 5-digit ZIP Code that has an "A" or "C" indicator in the City State Product, the pallet contains: carrier route packages for all 5-digit ZIP Codes in the scheme; 5-digit automation rate and 5-digit Presorted rate packages for those 5-digit ZIP Codes in the scheme with an "A" or "C" indicator in the City State Product, and; 5-digit automation rate and/or 5-digit Presorted rate packages for those 5-digit ZIP Codes in the scheme with a "B" or "D" indicator when the number of pieces in the 5-digit package(s) does not exceed 5% of the total number of pieces for that 5-digit ZIP Code under 2.3. For schemes in which all 5-digit ZIP Codes have "B" or "D" indicators and for which there is at least one 5-digit ZIP Code for which 5-digit packages may be placed on the pallet under the 5% limit in 2.3, place all carrier route packages plus the 5-digit packages within the 5% limit on the pallet. For schemes in which all 5-digit ZIP Codes have "B" or "D" indicators and for which there are no 5-digit ZIP Codes for which 5-digit packages may be placed on the pallet under the 5%

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limit, do not prepare a merged 5-digit scheme pallet (sort packages to pallets under 2.4b through 2.4j).

(1) Line 1: labeling: use L001, Column B.

(2) Line 2: "STD FLTS CR/5D SCHEME."

b. *5-Digit Scheme Carrier Routes.* Required. May contain only carrier route packages for all carrier routes in an L001 scheme for which all 5-digit ZIP Codes in the scheme have a "B" or "D" indicator and for which no 5-digit packages could be placed on a merged 5-digit scheme pallet with the carrier route packages because the 5-digit packages exceeded the 5% threshold.

(1) Line 1: use L001, Column B.

(2) Line 2: "STD FLTS CR-RTS SCHEME."

c. *Merged 5-Digit.* Required. May contain carrier route packages, automation rate 5-digit packages, and Presorted rate 5-digit packages for those 5-digit ZIP Codes that are not part of a scheme. For 5-digit ZIP Codes with an "A" or "C" indicator in the City State Product, there is no limit on the number of pieces in 5-digit packages that may be placed on the pallet, and a merged 5-digit pallet is prepared even if there are no 5-digit packages for that ZIP Code. For those 5-digit ZIP Codes with a "B" or "D" indicator in the City State Product, the number of pieces in 5-digit packages is limited to 5% of the total number of pieces for the 5-digit pallet destination under 2.3. However, if no 5-digit packages for ZIP Codes with "B" or "D" indicators can be placed on this level pallet under the 5% limit, do not prepare a merged 5-digit pallet (sort packages to pallets under 2.4d through 2.4j).

(1) Line 1: use city, state abbreviation, and 5-digit ZIP Code destination (see M031 for military mail).

(2) Line 2: "STD FLTS CR/5D."

d. *5-Digit Carrier Routes.* Required. May contain only carrier route rate packages for the same 5-digit ZIP Code that is not part of a scheme and that could not be placed on a merged 5-digit pallet.

(1) Line 1: use city, state, and 5-digit ZIP Code destination (see M031 for military mail).

(2) Line 2: "STD FLTS," followed by "CARRIER ROUTES" or "CR-RTS."

e. [2-6-03] [1-9-03] *5-Digit.* Required. May contain only automation rate 5-digit packages and Presorted rate 5-digit packages for the same 5-digit ZIP Code that could not be placed on a merged 5-digit pallet, or 5-digit scheme (L007) packages (automation rate and copackaged automation and Presorted rate pieces only). Five-digit scheme packages are assigned to 5-digit pallets according to the OEL "label to" 5-digit ZIP Code.

(1) Line 1: use city, state, and 5-digit ZIP Code destination (see M031 for military mail).

(2) Line 2: "STD FLTS 5D"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail.

f. *5-Digit Metro.* Optional. May contain carrier route, automation, and Presorted rate packages for the 5-digit ZIP Codes listed in L006, Column A, and for the 3-digit ZIP Code areas listed in L006, Column B.

(1) Line 1: use L006, Column C.

(2) Line 2: "STD FLTS" followed by "METRO" or "MET"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate and/or carrier route mail.

g. [1-9-03] *3-Digit.* Optional. Effective April 30, 2003, not permitted for packages with 3-digit ZIP Code prefixes indicated by an "N" in L002. May contain carrier route rate, automation rate, and Presorted rate mail.

    (1) Line 1: use L002, Column A.

    (2) Line 2: "STD FLTS 3D"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail and/or carrier route rate mail.

h. *SCF.* Required. May contain carrier route rate, automation rate, and Presorted rate packages.

    (1) Line 1: use L002, Column C.

    (2) Line 2: "STD FLTS SCF"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail and/or carrier route rate mail.

i. [2-6-03] *ASF.* Required, except that an ASF sort may not be required if using package reallocation under M045.5.0. May contain carrier route rate, automation rate, and/or Presorted rate packages. Sort ADC packages to ASF pallets based on the "label to" ZIP Code for the ADC destination of the package in L004. At the mailer's option, sort appropriate mixed ADC packages to ASF pallets based on the "label to" ZIP Code for the ADC destination of the package in L802. All optional mixed ADC packages on ASF pallets must contain only pieces destinating within the ASF as shown in E650 Exhibit 5.1. See E650.5.0 for additional requirements for DBMC rate eligibility.

    (1) Line 1: use L602.

    (2) Line 2: "STD FLTS ASF"; followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail and/or carrier route rate mail.

j. [2-6-03] *BMC.* Required. May contain carrier route rate, automation rate, and/or Presorted rate packages. Sort ADC packages to BMC pallets based on the "label to" ZIP Code for the ADC destination of the package in L004. At the mailer's option, sort appropriate mixed ADC packages to BMC pallets based on the "label to" ZIP Code for the ADC destination of the package in L802. All optional mixed ADC packages on BMC pallets must contain only pieces destinating within the BMC as shown in E650 Exhibit 5.1. See E650.5.0 for additional requirements for DBMC rate eligibility.

    (1) Line 1: Use L601.

    (2) Line 2: "STD FLTS BMC," followed by "BARCODED" or "BC" if the pallet contains automation rate mail; and followed by "NONBARCODED" or "NBC" if the pallet contains Presorted rate mail and/or carrier route rate mail.

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